



## Board of Managers Meeting Agenda

**Wednesday - June 14<sup>th</sup>, 2023 - 3:00 p.m.**

**Mendota Heights City Hall  
1101 Victoria Curve, Mendota Heights**

1. Call Meeting to Order
  - 1.1 Introduction of New Board Members
  - 1.2 Identification of Voting Board Members
  - 1.3 Approval of Agenda\* (Additions/Corrections/Deletions) Action
2. Election of 2023 Secretary/Treasurer - Chair\* Action
3. Approve April 12<sup>th</sup>, 2023 Meeting Minutes - Chair\* Action
4. Approve June 14<sup>th</sup>, 2023 Financial Summary & Invoices - Treasurer\* Action  
\*\*Full financial information posted separately online
5. Authorize Solicitation of Proposals for Consultant Services - SWCD\* Action
6. Authorize Refusal to Waive Liability Limits for Insurance - SWCD\* Action
7. Review 2022 Financial Statement (Audit) and Authorize Submittal to MN Board of Water & Soil Resources - SWCD\* Action
8. Discuss Planned Monsanto Settlement Fund Usage by Cities - SWCD\* Discussion
9. Discuss Potential for the LMRWMO to Provide Grant Match for Future Interstate Valley Creek Stabilization and Volume Reduction Projects - SWCD\*\* Discussion
10. Updates & Handouts
  - 10.1: City of Lilydale Plan Update Comment Response Letter - Barr\* Information
  - 10.2: Grant Tracking Spreadsheet - Barr\*\* Information
11. Other Member City Updates
12. Next Meeting: July 12<sup>th</sup>, 2023 – Mendota Heights City Hall
13. Adjourn

\* Materials included in full packet

\*\* Materials available separately on website:

<https://lmrwmo.org/about-us/meeting-information/>

## LMRWMO Board of Managers Typical Officer Elections Process

(Modified from Robert's Rules of Order)

### General

It can be helpful for elections to follow the nomination for each individual office. For example, nominate and elect the Chair, then nominate and elect the Vice-Chair, then nominate and elect the Secretary/Treasurer. The main advantage here is that it allows members to consider the election results of one office before proceeding to the election of another office.

### Nominations for an Office

Nominations can be made in a few ways:

- From the floor – any member can call out a person to be nominated
- By the chair – the chair can nominate any member or themselves for a position
- A member can nominate themselves

Nominees don't have to leave the room during nominations, when a vote is taken, or when the vote is counted. If there are multiple nominees and the Chair would like to use a roll call, they can ask the multiple nominees to step out of the room to keep the vote anonymous.

A person can serve in more than one office if elected.

Motions to close nominations are unnecessary. The Chair waits until no one wishes to make further nominations, then the chair declares nominations closed after asking 3 times for more nominations.

### Election for an Office Options to Utilize at Board Chair Discretion

If only one candidate, they can easily be elected via a voice vote:

- Board Chair: "John Smith has been nominated for the office of Vice-Chair, do we have a motion for John Smith to serve as the LMRWMO Vice-Chair for 2018?" Motion is then seconded and passed.

If multiple nominations, can do a voice vote:

- Ask members to raise their hand for Candidate A, count hands. Then ask to raise hands for Candidate B, count hands. This can tend to favor the candidate listed first.

If multiple nominations, can do a roll call vote:

- Each member announces their vote when their name is called. The secretary repeats the vote after recording it, to ensure accuracy. Nominees could remain in room or be asked to leave room.

If multiple nominations, can do a ballot vote:

- Ask nominees to leave room and then ask members to raise their hand for Candidate A, count hands. Then ask to raise hands for Candidate B, count hands. Call nominees back into room. This could be a more fair way to vote with multiple candidates.



## Board of Managers Meeting Minutes

Wednesday – April 12<sup>th</sup>, 2023 - 3:00 p.m.  
First Calvary Baptist Church, Inver Grove Heights

### Managers and Alternates in Attendance:

Sharon Lencowski (Chair), Inver Grove Heights  
Julie Eastman, West St. Paul  
Michael Randle, South St. Paul  
Shannon Nelson, Sunfish Lake  
Mary Kleinberg, Lilydale

Karen Reid (Vice Chair), Saint Paul  
Jill Smith, Mendota Heights  
Dawn Gaetke, Inver Grove Heights  
Tom Sutton, Lilydale

### Advisors and Others in Attendance:

Krista Spreiter, Mendota Heights  
Leslie Pilgrim, Mendota Heights  
Greg Williams, Barr Engineering  
Watson, Dakota County SWCD

Cody Joos, West St. Paul  
Pat Murphy, Saint Paul  
Laura Zannmiller, Dakota County SWCD Brian  
Joe Barten, Dakota County SWCD

### 1. Call Meeting to Order

#### 1.1 Public Comment / Introductions

Audience members may address the Board regarding items not on the agenda.

#### 1.2 Approval of Agenda\* (Additions/Corrections/Deletions)

**Motion** by Eastman to approve the agenda, second by Randle; motion passed.

### 2. Approve March 8<sup>th</sup>, 2023 Meeting Minutes

**Motion** by Nelson to approve the previous meeting minutes, second by Smith; motion passed.

### 3. Approve April 12<sup>th</sup>, 2023 Financial Summary & Invoices

Spreiter provided a summary of the financial information.

**Motion** by Eastman to approve the financial summary, second by Smith; motion passed.

### 4. Presentation on Interstate Valley Creek Erosion Control & Volume Reduction Study

Barten provided a presentation on the study completed by the LMRWMO and noted next steps are a potential grant application through the Clean Water Fund Projects and Practices grant with potential matching funds from the LMRWMO, City of Mendota Heights, Dakota County, and possibly other LMRWMO Cities.

**5. 2022 Annual Report and 2023 Newsletter Review**

The Board reviewed the 2022 annual report, discussed edits, and requested a map of the WMO be added to the cover page.

**Motion** by Smith to submit the 2022 LMRWMO Annual Report to BWSR with edits as discussed, second by Eastman; motion passed.

**6. Agenda Items for Next Meeting**

The next Board meeting is scheduled for May 10<sup>th</sup>, 2023 at First Calvary Baptist Church in Inver Grove Heights.

**7. Meeting Adjourned at 4:40 pm**

# LMR WMO

**LOWER MISSISSIPPI RIVER**  
WATERSHED MANAGEMENT ORGANIZATION

## FINANCIAL SUMMARY April 13, 2023 to June 14, 2023

<b><u>Beginning Balance - Key Community Bank</u></b>			<b>\$165,514.41</b>	
<i>Interest</i>	3/31/2023	March 2023 Interest	+	\$1.20
	4/28/2023	April 2023 Interest		\$1.50
<b>Deposits</b>			+	
			+	
			+	
<b>To be approved at this meeting:</b>				
<b><u>Key Community Bank:</u></b>				
<i>Bank Fee</i>	4/28/2023	March & April 2023 Paper Statement Free	-	\$4.00
<b>3798</b>	6/14/2023	Dakota County Soil & Water Conservation District	-	\$20,591.00
<b>3799</b>	6/14/2023	Barr Engineering	-	\$2,755.38
			-	
			-	
			-	
<b><u>Available Balance at Key Community Bank</u></b>				<b><u>\$142,166.73</u></b>
<hr/>				
<b><u>Gateway Bank Accounts:</u></b>				
	<u>Savings</u>			<i>Balance</i>
				\$72,402.26
<i>Deposits</i>	5/1/2023	April 2023 Interest	+	\$130.92
	6/1/2023	May 2023 Interest		\$143.87
		<i>Savings Ending Balance</i>		<b><u>\$72,677.05</u></b>
	<u>Checking</u>			<i>Balance</i>
				\$1,000.00
		<i>Checking Ending Balance</i>	-	<b><u>\$1,000.00</u></b>
<b><u>Available Balance at Gateway Bank</u></b>				<b><u>\$73,677.05</u></b>
<hr/>				
<b><u>Available Balance - Key Community &amp; Gateway Banks</u></b>				<b><u><u>\$215,843.78</u></u></b>

LMRWMO 2023 Budget & Financial Summary		2023 Monthly Revenue								
Revenue	Budget	Dec 15, 2022 - Jan 11 2023	Jan 12 - Feb 8 2023	Feb 9 - Mar 8 2023	Mar 9 - April 12 2023	April 13 - June 14 2023		2023 Total	Variance	Percent Received
Dues from Members	\$127,309.00		\$127,309.12					\$127,309.12	(\$0.12)	100%
Interest	\$600.00	\$114.78	\$123.09	\$116.62	\$131.61	\$277.49		\$763.59	(\$163.59)	127%
LMCIT Rebate	\$250.00		\$598.00					\$598.00	(\$348.00)	239%
Combined Grant Income	\$154,260.50				\$117,061.00			\$117,061.00	\$37,199.50	76%
<b>Subtotal Operating Revenue</b>	<b>\$282,419.50</b>	<b>\$114.78</b>	<b>\$128,030.21</b>	<b>\$116.62</b>	<b>\$117,192.61</b>	<b>\$277.49</b>		<b>\$245,731.71</b>		
<b>Grant Income</b>	<b>\$154,260.50</b>									
		2023 Monthly Expenses								
Expenses	Budget	Dec 15, 2022 - Jan 11 2023	Jan 12 - Feb 8 2023	Feb 9 - Mar 8 2023	Mar 9 - April 12 2023	April 13 - June 14 2023		2023 Total	Remaining Budget	Percent Expended
<b>Engineering/Technical Assistance</b>										
Technical Assistance	\$5,500.00		\$956.00	\$777.50	\$596.50	\$20.00		\$2,350.00	\$3,150.00	43%
Meetings	\$6,500.00		\$605.50	\$372.00	\$1,265.00	\$2,060.88		\$4,303.38	\$2,196.62	66%
Pine Bend Ravine Study	\$5,000.00									
Watershed Plan Amendment <sup>3</sup>	\$26,500.00		\$3,902.35	\$1,388.00	\$5,111.00	\$674.50		\$11,075.85	\$15,424.15	42%
<b>Project Planning/Implementation</b>										
Plan Implementation	\$5,400.00					\$180.00		\$180.00	\$5,220.00	3%
WBIF-19 Matching Funds	\$0.00				\$546.00					
WBIF-21 Matching Funds	\$9,300.00									
Landscaping for Clean Water Projects	\$12,000.00		\$1,500.00					\$1,500.00	\$10,500.00	13%
Water Monitoring	\$12,200.00	\$1,900.00	\$5,018.50			\$4,005.00		\$10,923.50	\$1,276.50	90%
<b>Education</b>										
Landscaping for Clean Water Classes	\$10,800.00							\$0.00	\$10,800.00	0%
MN Water Stewards Program	\$10,000.00		\$382.50			\$360.00		\$742.50	\$9,257.50	7%
Storm Drain Stenciling Program	\$4,500.00					\$2,070.00				
Adopt A Drain Welcome Kits <sup>2</sup>	\$1,500.00									
WMO Tabling/Event Materials	\$500.00							\$0.00	\$500.00	0%
Illicit Discharge Video <sup>4</sup>	\$1,200.00		\$1,400.00					\$1,400.00	(\$200.00)	117%
General Education Requests/Board Tour	\$5,400.00		\$85.00			\$855.00		\$940.00	\$4,460.00	17%
Metro Watershed Partners Membership	\$1,000.00	\$1,000.00						\$1,000.00	\$0.00	100%
Website Update / Maintenance	\$2,800.00		\$85.00			\$1,125.00		\$1,210.00	\$1,590.00	43%
Board Education	\$200.00							\$0.00	\$200.00	0%
<b>Administration</b>										
General Administration	\$34,400.00	\$2.00	\$9,869.50	\$2.00	\$2.00	\$9,909.00		\$19,784.50	\$14,615.50	58%
Insurance	\$2,500.00							\$0.00	\$2,500.00	0%
Attorney and Audit	\$5,500.00	\$401.00	\$182.60	\$34.00				\$617.60	\$4,882.40	11%
<b>Subtotal Operating Expenses</b>	<b>\$162,700.00</b>	<b>\$3,303.00</b>	<b>\$23,986.95</b>	<b>\$2,573.50</b>	<b>\$7,520.50</b>	<b>\$21,259.38</b>		<b>\$58,643.33</b>	<b>\$86,372.67</b>	<b>36%</b>
<b>Estimated Grant Expenses</b>	<b>\$138,000.00</b>	<b>\$19,331.27</b>	<b>\$15,133.60</b>	<b>\$24,651.50</b>	<b>\$14,958.50</b>	<b>\$2,091.00</b>		<b>\$76,165.87</b>	<b>\$167,398.72</b>	<b>55%</b>
<b>Overall Fund Balance</b>		<b>\$82,401.78</b>	<b>\$171,311.44</b>	<b>\$144,203.06</b>	<b>\$238,916.67</b>	<b>\$215,843.78</b>				
<b>Total Grant Balance</b>		<b>-\$45,618.31</b>	<b>-\$60,751.91</b>	<b>-\$85,403.41</b>	<b>\$16,699.09</b>	<b>\$14,608.09</b>				
<b>LMRWMO Operating Fund Balance</b>		<b>\$36,783.47</b>	<b>\$110,559.53</b>	<b>\$58,799.65</b>	<b>\$255,615.76</b>	<b>\$230,451.87</b>				
<b>Unencumbered Operating Fund Balance<sup>1</sup></b>		<b>\$21,783.47</b>	<b>\$95,559.53</b>	<b>\$43,799.65</b>	<b>\$240,615.76</b>	<b>\$215,451.87</b>				
									<b>Approx. Year End Fund Balance</b>	<b>\$64,121.28</b>

**2022 Budget Notes:**

- \$15,000 set aside for 2033 Watershed Plan Update, \$5,000 additional annually encumbered.
- \$1,500 Added to Budget for Adopt a Drain Welcome Kits at 1-8-23 Meeting
- Includes \$20,000 in unspent carryover from 2022.
- Is an unspent carryover from 2022.

General: Budget is an estimate and will vary depending on changing priorities and grant project progress.

### **Review of Consultant Services**

Notice is hereby given that pursuant to Minnesota Statutes §103B.227 Subd. 5, the Board of Managers for the Lower Mississippi River Watershed Management Organization is currently conducting a review of consulting services. Any person or persons interested in serving as auditor, engineer, or legal consultant, may submit a proposal via email to [joe.barten@co.dakota.mn.us](mailto:joe.barten@co.dakota.mn.us) or via a sealed envelope, identified on the outside as a Proposal for Consulting Services and sent or delivered to the Lower Mississippi River WMO, c/o Joe Barten, Dakota County Soil and Water Conservation District, 4100 220<sup>th</sup> St. West, Suite 102, Farmington MN 55024. The proposal must be received on or before 4:30 p.m., on July 6<sup>th</sup>, 2023.



## LIABILITY COVERAGE WAIVER FORM

Members who obtain liability coverage through the League of Minnesota Cities Insurance Trust (LMCIT) must complete and return this form to LMCIT before their effective date of coverage. [Email completed form to your city's underwriter, to pstech@lmc.org](mailto:pstech@lmc.org), or fax to 651.281.1298.

Members who obtain liability coverage from LMCIT must decide whether to waive the statutory tort liability limits to the extent of the coverage purchased. *The decision to waive or not waive the statutory tort limits must be made annually by the member's governing body, in consultation with its attorney if necessary.* The decision has the following effects:

- *If the member does not waive the statutory tort limits*, an individual claimant could recover no more than \$500,000 on any claim to which the statutory tort limits apply. The total all claimants could recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. These statutory tort limits would apply regardless of whether the member purchases the optional LMCIT excess liability coverage.
- *If the member waives the statutory tort limits and does not purchase excess liability coverage*, a single claimant could recover up to \$2,000,000 for a single occurrence (under the waive option, the tort cap liability limits are only waived to the extent of the member's liability coverage limits, and the LMCIT per occurrence limit is \$2,000,000). The total all claimants could recover for a single occurrence to which the statutory tort limits apply would also be limited to \$2,000,000, regardless of the number of claimants.
- *If the member waives the statutory tort limits and purchases excess liability coverage*, a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total all claimants could recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants.

Claims to which the statutory municipal tort limits do not apply are not affected by this decision.

LMCIT Member Name: \_\_\_\_\_

*Check one:*

- The member **DOES NOT WAIVE** the monetary limits on municipal tort liability established by [Minn. Stat. § 466.04](#).
- The member **WAIVES** the monetary limits on municipal tort liability established by [Minn. Stat. § 466.04](#), to the extent of the limits of the liability coverage obtained from LMCIT.

Date of member's governing body meeting: \_\_\_\_\_

Signature: \_\_\_\_\_

Position: \_\_\_\_\_



**LOWER MISSISSIPPI RIVER  
WATERSHED MANAGEMENT ORGANIZATION  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

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**LOWER MISSISSIPPI RIVER WATERSHED MANAGEMENT ORGANIZATION  
TABLE OF CONTENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**INTRODUCTORY SECTION**

Organization	1
--------------	---

**FINANCIAL SECTION**

Independent Auditor's Report	2
------------------------------	---

**BASIC FINANCIAL STATEMENTS**

Government-Wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6

Fund Financial Statements:	
Balance Sheet - Governmental Fund	7
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	8

Notes to the Financial Statements	9
-----------------------------------	---

Required Supplementary Information:	
Budgetary Comparison Schedule - General Fund	16

**ADDITIONAL REPORTS**

Report on Internal Control	17
----------------------------	----

Minnesota Legal Compliance	19
----------------------------	----

Schedule of Findings and Responses	20
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**LOWER MISSISSIPPI RIVER WATERSHED MANAGEMENT ORGANIZATION  
ORGANIZATION  
DECEMBER 31, 2022**

**Board of Managers:**

	<u>City</u>
Sharon Lencowski (Chair) Dawn Gaetke (Alternate)	Inver Grove Heights Inver Grove Heights
Tom Sutton Lyle Hanzal (Alternate)	Lilydale Lilydale
Mary Jeanne Schneeman (Secretary/Treasurer) Jill Smith (Alternate)	Mendota Heights Mendota Heights
Karen Reid (Vice Chair) Vacant (Alternate)	St. Paul St. Paul
Michael Randle Daniel Anderson (Alternate)	South St. Paul South St. Paul
Dan Halvorsen Shannon Nelson (Alternate)	Sunfish Lake Sunfish Lake
Sheila Vanney Julie Eastman (Alternate)	West St. Paul West St. Paul

**Advisors:**

Joe Barten - Dakota County Soil and Water Conservation District - Administrator

Greg Williams - Barr Engineering - Engineer

Roger Knutson - Campbell, Knutson, P.A. - Attorney

## INDEPENDENT AUDITOR'S REPORT

To the Board of Managers  
Lower Mississippi River Watershed Management Organization  
Mendota Heights, Minnesota

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the general fund of Lower Mississippi River Watershed Management Organization, as of and for the year ended December 31, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the general fund of Lower Mississippi River Watershed Management Organization, as of December 31, 2022, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lower Mississippi River Watershed Management Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Lower Mississippi River Watershed Management Organization's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lower Mississippi River Watershed Management Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lower Mississippi River Watershed Management Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lower Mississippi River Watershed Management Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Other Matters***

#### ***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Although not a part of the basic financial statements, such missing information, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedule on page 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lower Mississippi River Watershed Management Organization's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2023 on our consideration of Lower Mississippi River Watershed Management Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lower Mississippi River Watershed Management Organization's internal control over financial reporting and compliance.

*Peterson Company Ltd*

Peterson Company Ltd  
Waconia, Minnesota

May 19, 2023

**LOWER MISSISSIPPI RIVER WATERSHED MANAGEMENT ORGANIZATION  
STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

	Governmental Activities
<b>Assets:</b>	
Cash	\$ 105,638
Due from other governments	72,202
Prepaid items	901
Total Assets	178,741
<b>Liabilities:</b>	
Accounts payable	59,215
Unearned revenue	46,521
Total Liabilities	105,736
<b>Net Position:</b>	
Unrestricted	73,005
Total Net Position	\$ 73,005

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See accompanying notes to the financial statements and Independent Auditor's Report.

**LOWER MISSISSIPPI RIVER WATERSHED MANAGEMENT ORGANIZATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Net Position
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General government	\$ 44,506	\$ -	\$ -	\$ -	\$ (44,506)
Programs	265,393	-	138,552	-	(126,841)
Total Governmental Activities	\$ 309,899	\$ -	\$ 138,552	\$ -	(171,347)
General Revenues:					
Grants and contributions not restricted to specific programs					115,735
Unrestricted interest earnings					718
Total General Revenues					116,453
Change in Net Position					(54,894)
Net Position - January 1					127,899
Net Position - December 31					\$ 73,005

See accompanying notes to the financial statements and Independent Auditor's Report.



**LOWER MISSISSIPPI RIVER WATERSHED MANAGEMENT ORGANIZATION  
BALANCE SHEET  
GOVERNMENTAL FUND  
DECEMBER 31, 2022**

	General Fund
Assets:	
Cash	\$ 105,638
Due from other governments	72,202
Prepaid items	901
Total Assets	\$ 178,741
 Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 59,215
Unearned revenue	46,521
Total Liabilities	105,736
 Fund Balance:	
Non-spendable	901
Assigned for watershed plan development	23,000
Unassigned	49,104
Total Fund Balance	73,005
Total Liabilities and Fund Balance	\$ 178,741
 Total Fund Balance	\$ 73,005
 Net Position of Governmental Activities	\$ 73,005

See accompanying notes to the financial statements and Independent Auditor's Report.

**LOWER MISSISSIPPI RIVER WATERSHED MANAGEMENT ORGANIZATION  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>General Fund</u>
<b>Revenues</b>	
Member contributions	\$ 115,735
Intergovernmental	138,552
Interest income	718
<b>Total Revenues</b>	<u>255,005</u>
 <b>Expenditures</b>	
<b>Current:</b>	
<b>General government:</b>	
Administrative	34,772
Insurance	2,401
Professional fees	7,333
<b>Programs:</b>	
Engineering	54,962
State grants	192,031
Other	18,400
<b>Total Expenditures</b>	<u>309,899</u>
<b>Net Change in Fund Balance</b>	(54,894)
 Fund Balance - January 1	<u>127,899</u>
 Fund Balance - December 31	<u>\$ 73,005</u>
 Net Change in Fund Balance - Governmental Fund	<u>\$ (54,894)</u>
 Change in Net Position of Governmental Activities	<u>\$ (54,894)</u>

See accompanying notes to the financial statements and Independent Auditor's Report.

**LOWER MISSISSIPPI RIVER WATERSHED MANAGEMENT ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**Note 1 - Summary of Significant Accounting Policies**

The Lower Mississippi River Watershed Management Organization (the WMO) was established by a Joint Powers Agreement on October 25, 1985, between the cities of Inver Grove Heights, Lilydale, Mendota Heights, St. Paul, South St. Paul, Sunfish Lake, and West St. Paul, Minnesota. The WMO was formed to meet the requirements of the Metropolitan Surface Water Management Act under the provisions of Minnesota Statutes 103B. The Act requires, among other things, the preparation of Watershed Management Plans in the Minneapolis - St. Paul Metropolitan area.

The purpose of the Watershed Management Plan is to:

- Protect, preserve, and use natural surface and groundwater storage and retention systems.
- Minimize public capital expenditures needed to correct flooding and water quality problems.
- Identify and plan for the means to effectively protect and improve surface and groundwater quality.
- Establish more uniform local policies and official controls for surface and groundwater management.
- Prevent erosion of soil into surface water systems.
- Promote groundwater recharge.
- Protect and enhance fish and wildlife habitats and water recreational facilities.
- Secure the other benefits associated with the proper management of surface and groundwater.

The WMO comprises 35,548 acres and includes all or part of the cities of Inver Grove Heights, Lilydale, Mendota Heights, St. Paul, South St. Paul, Sunfish Lake, and West St. Paul, Minnesota.

The WMO submitted its Watershed Management Plan to the Minnesota Board of Water and Soil Resources on July 19, 1988. That Board, which has final approval authority for the Watershed Management Plans, formally approved the Watershed Management Plans of the WMO on July 26, 1989. Each municipality within the WMO has developed, or is in the process of developing, a specific local water management plan to accomplish the various watershed management objectives of the WMO. On September 29, 2011, the WMO adopted its third-generation Watershed Management Plan.

The WMO is governed by a fourteen-member Board of Managers. The Board consists of fourteen representatives appointed by each of the member municipalities.

The financial statements of the WMO have been prepared in conformity with generally accepted accounting principles as applied to government units by the Governmental Accounting Standards Board (GASB). The WMO's accounting policies are described below:

Financial Reporting Entity

Generally accepted accounting principles require that the financial reporting entity include the primary government and component units for which the primary government is financially accountable. Under these principles the WMO does not have any component units.

**LOWER MISSISSIPPI RIVER WATERSHED MANAGEMENT ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Government-Wide Fund Financial Statements

The government-wide fund financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the WMO. The governmental activities are supported by member contributions and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general government revenues.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the WMO considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the WMO.

The WMO reports one major governmental fund. The General Fund (Administrative Fund) is the general operating fund of the WMO. It is used to account for financial resources to be used for general administrative expenditures and programs of the WMO.

**LOWER MISSISSIPPI RIVER WATERSHED MANAGEMENT ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Cash

Cash consists of two checking and one savings account.

Due from Other Governments

Due from other governments are recorded for state grant amounts that were received after year-end and all eligibility requirements have been met.

Prepaid Items

Certain payments to vendors (insurance) reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

Unearned Revenue

Governmental funds and government-wide financial statements report unearned revenue in connection with resources that have been received, but not yet earned.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

Budgets

Budgets are adopted annually by the Board of Managers. During the budget year, supplemental appropriations and deletions are, or may be, authorized by the Board. The amounts shown in the financial statements as "Budget" represent the original budgeted amounts plus all revisions made during the year and/or for the year. Encumbrance accounting, under which purchase orders, contracts and other commitments of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the WMO.

The WMO monitors budget performance on a fund basis. All amounts over budget have been approved by the Board through the disbursement approval procedures.

At December 31, 2022, the WMO's actual expenditures were less than the final budget by \$58,215.

**LOWER MISSISSIPPI RIVER WATERSHED MANAGEMENT ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Classification of Net Position

Net position in the government-wide financial statements is classified in the following categories:

Unrestricted net position – The amount of net position that does not meet the definition of restricted or investment in capital assets.

Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Non-spendable – Consists of amounts that are not in spendable form, such as prepaid items.

Restricted – Consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed – Consists of internally imposed constraints. These constraints are established by resolution of the WMO Board.

Assigned – Consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the WMO's intended use. These constraints are established by the WMO Board and/or management.

Unassigned – Is the residual classification for the general fund.

When both restricted and unrestricted resources are available for use, it is the Board's policy to first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, it is the Board's policy to use resources in the following order: 1) committed 2) assigned and 3) unassigned.

Change in Accounting Principle

Effective January 1, 2022, the WMO adopted GASB 87, Leases. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. The WMO has no leases, therefore, their financial statement presentation was not changed.

**LOWER MISSISSIPPI RIVER WATERSHED MANAGEMENT ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Minimum Unassigned Fund Balance Policy

The WMO has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund. The most significant revenue sources of the General Fund are member contributions and intergovernmental revenues. It is the WMO's goal to begin each fiscal year with sufficient working capital to fund operations throughout the year.

The policy establishes a year-end targeted unassigned fund balance amount of 40% of the budgeted operating expenditures for cash-flow timing needs. At December 31, 2022, the unassigned fund balance of the General Fund was 113% of the budgeted expenditures.

**Note 2 - Deposits and Investments**

Deposits

In accordance with Minnesota Statutes, the WMO maintains deposits at depository banks authorized by the Board, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all WMO deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the WMO Treasurer or in a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

- a) United States government treasury bills, treasury notes and treasury bonds;
- b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- c) General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- d) General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- e) Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation; and
- f) Time deposits that are fully insured by any federal agency.

At December 31, 2022, the carrying amount of the WMO's deposits were \$105,638 and the bank balance was \$113,234.

**LOWER MISSISSIPPI RIVER WATERSHED MANAGEMENT ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**Note 2 - Deposits and Investments (Continued)**

Custodial Credit Risk Deposits

Custodial credit risk is the risk that in the event of a bank failure, the WMO's deposits may not be returned to it. State statutes require that insurance, surety bonds or collateral protect all WMO deposits. The market value of collateral pledged must equal 110% of deposits not covered by insurance or bonds. The WMO has no additional deposit policies addressing custodial credit risk. As of December 31, 2022, the WMO's deposits were not exposed to custodial credit risk.

**Note 3 - Unearned Revenue**

Unearned revenue represents unearned advances from the Minnesota Board of Water and Soil Resources (BWSR) for clean water funds. Revenues will be recognized when the related program expenditures are recorded. Unearned revenue for the year ending December 31, 2022 consisted of Watershed Funds of \$46,521.

**Note 4 - Grants**

The WMO receives financial assistance from governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the WMO at December 31, 2022.

**Note 5 - Member Contributions**

In accordance with the provisions of the Joint Powers Agreement (Section 9, Subd. 2), members agreed to contribute each year to the General Fund. Each member's percentage share is based on an average of the following two percentages:

- (1) The percentage of the total assessed valuation of all real property within WMO which lies within the member's boundaries; and
- (2) The percentage of the total area in WMO which lies within the member's boundaries.

For 2022, the WMO assessed the members \$115,735 in member contributions.

**Note 6 - Member Reimbursements**

Members reimburse the WMO for amounts expended for projects that indirectly benefit them. The WMO depends on member reimbursements in order to carry out its project activities.



**LOWER MISSISSIPPI RIVER WATERSHED MANAGEMENT ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**Note 7 - Risk Management**

The WMO is exposed to various risks of loss for which the WMO carries commercial insurance policies.

Property and casualty insurance coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The WMO pays an annual premium to the LMCIT. The WMO is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts.

There were no reductions in insurance coverage from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

**Note 8 - Commitments and Contingencies**

The WMO is not aware of any existing or pending lawsuits, claims or other actions in which the WMO is a defendant.

**Note 9 - Subsequent Events**

The WMO has evaluated events and transactions for potential recognition or disclosure through May 19, 2023, the date the financial statements were available to be issued.

**LOWER MISSISSIPPI RIVER WATERSHED MANAGEMENT ORGANIZATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Member contributions	\$ 115,735	\$ 115,735	\$ 115,735	\$ -
Intergovernmental	131,975	131,975	138,552	6,577
Interest income	600	600	718	118
Other	500	500	-	(500)
Total Revenues	<u>248,810</u>	<u>248,810</u>	<u>255,005</u>	<u>6,195</u>
<b>Expenditures</b>				
Current:				
General government:				
Administrative	36,000	36,000	34,772	1,228
Insurance	2,500	2,500	2,401	99
Professional fees	5,000	5,000	7,333	(2,333)
Programs:				
Engineering	51,500	51,500	54,962	(3,462)
State grants	246,214	246,214	192,031	54,183
Other	26,900	26,900	18,400	8,500
Total Expenditures	<u>368,114</u>	<u>368,114</u>	<u>309,899</u>	<u>58,215</u>
Net Change in Fund Balance	<u>\$ (119,304)</u>	<u>\$ (119,304)</u>	<u>\$ (54,894)</u>	<u>\$ 64,410</u>
Fund Balance - January 1			<u>127,899</u>	
Fund Balance - December 31			<u>\$ 73,005</u>	

See accompanying notes to the financial statements and Independent Auditor's Report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Managers  
Lower Mississippi River Watershed Management Organization  
Mendota Heights, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the general fund of Lower Mississippi River Watershed Management Organization as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Lower Mississippi River Watershed Management Organization's basic financial statements, and have issued our report thereon dated May 19, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lower Mississippi River Watershed Management Organization's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lower Mississippi River Watershed Management Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Lower Mississippi River Watershed Management Organization's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as items 2022-001 and 2022-002, that we consider to be significant deficiencies.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Lower Mississippi River Watershed Management Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Lower Mississippi River Watershed Management Organization's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Lower Mississippi River Watershed Management Organization's responses to the internal control findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Lower Mississippi River Watershed Management Organization's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

*Peterson Company Ltd*

Peterson Company Ltd  
Waconia, Minnesota

May 19, 2023

**INDEPENDENT AUDITOR'S REPORT ON  
MINNESOTA LEGAL COMPLIANCE**

To the Board of Managers  
Lower Mississippi River Watershed Management Organization  
Mendota Heights, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the general fund of Lower Mississippi River Watershed Management Organization, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Lower Mississippi River Watershed Management Organization's basic financial statements, and have issued our report thereon dated May 19, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that Lower Mississippi River Watershed Management Organization failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Lower Mississippi River Watershed Management Organization's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

*Peterson Company Ltd*

Peterson Company Ltd  
Waconia, Minnesota

May 19, 2023

**LOWER MISSISSIPPI RIVER WATERSHED MANAGEMENT ORGANIZATION  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2022**

**2022-001 Segregation of Duties**

**Criteria:** Generally, a system of internal control contemplates separation of duties such that no individual has responsibility to execute a transaction, have physical access to the related assets, and have responsibility or authority to record the transaction.

**Condition and Context:** Substantially all accounting procedures are performed by one person.

**Prior Year Finding:** Yes, 2021-001.

**Cause:** This condition is common to organizations of this size due to the limited number of staff.

**Effect:** The lack of an ideal segregation of duties subjects the WMO to a higher risk that errors or fraud could occur and not be detected in a timely manner.

**Recommendation:** Any modification of internal controls in this area must be viewed from a cost/benefit perspective.

**Management Response:** The WMO has adequate policies and procedures in place to compensate for the lack of segregation of duties. This is done by having all disbursement approved by the Board of Managers and the individual performing the accounting procedures having no authority to execute a transaction.

DRAFT

**LOWER MISSISSIPPI RIVER WATERSHED MANAGEMENT ORGANIZATION  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
DECEMBER 31, 2022**

**2022-002: Financial Statement Presentation**

**Criteria:** The WMO's management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of the financial statements in accordance with generally accepted accounting principles.

**Condition and Context:** As part of the audit, management requested us to prepare a draft of the financial statements, including the related notes to the financial statements. Management has accepted responsibility for the financial statements and reviewed them.

**Cause:** The WMO has a limited number of personnel with financial reporting experience.

**Effect:** The design of the controls over the financial reporting process would affect the ability of the WMO to report its financial data consistently with the assertions of the management in the financial statements.

**Recommendation:** We recommend that the WMO be aware of the requirements for fair presentation of the financial statements in accordance with the generally accepted accounting principles. Should the WMO elect, based upon an analysis of costs and benefits, to establish the full oversight of the financial statement preparation of an appropriate level, we suggest management establish effective review policies and procedures including but not limited to the following: reconciling general ledger amounts to the draft financial statements; review of all supporting documentation and explanations for journal entries proposed by us; complete the disclosure checklist; review and approval of schedules and calculations supporting the amounts included in the notes to the financial statements; apply analytic procedures to the draft financial statements; and perform other procedures considered necessary by management.

**Management Response:** The WMO understands that this is required communications for the preparation of the financial statements.



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# Cities Receive Checks From Monsanto Settlement

April 24, 2023

**The checks are legitimate and intended as compensation for potentially unnecessary testing and mitigation efforts.**

Minnesota cities and counties are beginning to receive sizable checks from a Monsanto Class Action Settlement. Cities should rest assured that these checks – for approximately \$17,000, \$27,000, or \$32,000 – are legitimate. They are intended as compensation for testing and mitigation efforts, which might not have been necessary if not for the actions of the Class Action Defendant.

## Class action lawsuit details

Not too long ago, several large and mostly West Coast cities sued Monsanto for manufacturing a class of industrial chemicals called polychlorinated biphenyls (PCBs), which were released into the environment between the 1930s and 1977.

By early 2022, a class action lawsuit was established: *City of Long Beach v. Monsanto Co.*, Case No. 2:16-CV-03493-FMO-AS (C.D. Ca.). The suit alleged various causes of action against Monsanto for PCB-related impairments to the environment, including to water bodies. The cities alleged that PCBs were present at sites and public properties, including in stormwater, stormwater and wastewater systems, water bodies, sediment, natural resources, fish, and wildlife.

Members of the certified class include government subdivisions that are covered under MS4 (municipal separate storm-sewer system) permits in the drainage areas of or near to specific types of or listed water bodies. A notice was mailed to potential class members around the end of March 2022. As this was an opt-out class action, any potential members of the class that wanted to pursue the causes of action on their own had to opt out by July 25, 2022.

[View the court-approved notice sent to potential class members \(pdf\).](#)

## Settlement payments

During the week of April 17, all members of the class automatically received a payment from a portion of the settlement called the “Monitoring Fund.” This included many government subdivisions in Minnesota.

In addition to consideration for release from claims, the payment is intended to compensate for “PCB sampling and/or any other mitigation efforts in the Settlement Class Member’s sole discretion, as part of compliance with applicable law.” All class members within Minnesota should be aware, this is the only money they will receive automatically from the settlement.

[View a list of government subdivisions in Minnesota that received settlement payments \(pdf\).](#)



Finally, class members should know there is one more opportunity for additional funding but only for special cases. The settlement includes a “Special Needs Fund” set aside to address “a significant regional, state, or national benefit, cost, or contribution” regarding bodies of water “impaired by PCBs through stormwater and/or dry weather runoff.” A special master has been appointed to receive and evaluate applications to this fund. Cities seeking to apply to the Special Needs Fund must do so within one year and 14 days of the date the Monitoring Fund checks were mailed.

- [Apply to the Monsanto Class Action Settlement Special Needs Fund](#)
- [View the settlement website for more information](#)

[Read more news articles](#)

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Your LMC Resource

Edward Cadman

Associate General Counsel

(651) 281-1229 or (800) 925-1122

[ecadman@lmc.org](mailto:ecadman@lmc.org)

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engineering and environmental consultants



April 18, 2023

Joe Barton  
Lower Mississippi River Watershed Management Organization Administrator  
4100 220th St W  
Farmington, MN 55024

Linda Loomis  
Lower Minnesota River Watershed District Administrator  
112 5th Street E, Suite 102  
Chaska, MN 55318

**Re: Lilydale Surface Water Management Plan Major Amendment – Response to 60-Day Review Comments**

Dear Watershed Districts, Watershed Management Organizations, and Agency Reviewers:

We have reviewed the comments received from the various agencies during the 60-day review of the city of Lilydale's Surface Water Management Plan. The review period closed on December 16, 2022 and the following comments received included:

- Metropolitan Council – letter dated 12/1/2022
- Dakota County – email dated 10/17/2022
- Lower Mississippi River Watershed Management Organization – memo dated 11/29/2022
- Lower Minnesota River Watershed District – memo dated 12/15/2022

The table included as Attachment A to this letter summarizes the comments received as well as the city's responses to the comments and revisions made to the Surface Water Management Plan (SWMP) to incorporate those comments. Also attached is the revised draft of the SWMP. The city is scheduled to approve the revised SWMP along with its revised ordinances at its June 2023 city council meeting.

Should you have any further questions, please feel free to contact me at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Jennifer Koehler". The signature is written in a cursive, flowing style.

Jennifer Koehler, PE

Barr Engineering Company/City of Lilydale Engineer

**Attachment A: Summary of Comments - City of Lilydale Surface Water Management Plan  
Amendment - 60-day Review Draft**

Agency	Comment	Response to Comment
Metropolitan Council	No Comments per letter dated 12/1/2022	No revisions necessary
Dakota County	No Comments per email dated 10/17/2022	No revisions necessary
Lower Mississippi River WMO	<p>Comments from memo dated 11/29/2022 (City not obligated to address these comments as they are relative to the draft 2023-2032 LMRWMO Plan; however, they are minor revisions to the SWMP and will eliminate the need to do an amendment within the next 2 years to address these revisions).</p> <p><b>Comment 1:</b> Policy 5.1.2.12 WQ12 notes that the City will manage land alteration activities and stormwater management in accordance with City ordinance, the MPCA’s Construction Stormwater Permit, the MPCA’s MS4 General Permit, and the Mississippi River Critical Corridor Area (MRCCA) ordinance. Consider adding the policies of the LMRWMO to the list of applicable regulatory documents.</p> <p><b>Comment 2:</b> Policy 5.3.2.1 SWQ1 references a LMRWMO policy requiring total phosphorus reduction of 50% for development and redevelopment projects. With its draft 2023-2032 Plan, the LMRWMO has revised its water quality performance standard from a percent reduction standard to an infiltration-based standard similar to the Construction Stormwater Permit and MS4 permit. Policy P1 of the draft 2023-2032 Plan states: Member cities shall require permanent water quality treatment for projects that disturb one acre or more (including projects less than one acre that are part of a larger common plan of development totaling one acre or more). Volume reduction practices shall be considered as the preferred water quality treatment practice provided that infiltration can be achieved consistent with the guidance and prohibitions described in the MPCA’s MS4 Stormwater General Permit and Minnesota Stormwater Manual. Minimum water quality treatment volumes are defined for non-linear and linear projects as:  <ul style="list-style-type: none"> <li>• Non-linear projects: 1 inch of runoff from new or redeveloped impervious surface.</li> <li>• Linear projects: 1 inch of runoff from new impervious surface or 0.5 inch of runoff from new and redeveloped impervious surface, whichever is greater. Where the entire treatment volume cannot be treated within the existing right-of-way, a reasonable attempt to treat stormwater must be made consistent with the MS4 permit, as updated.</li> </ul> Where volume reduction practices are prohibited or cannot be achieved at reasonable cost, member cities may require wet detention, filtration, or other water quality treatment methods consistent with the most current version of the MPCA’s MS4 Stormwater General Permit and Minnesota Stormwater Manual to achieve at least 50% total phosphorus removal (annual load from the total project site). Member cities may choose to enforce more stringent water quality performance stand  The LMRWMO acknowledges that infiltration is prohibited within much of the city due to site restrictions identified in the Construction Stormwater Permit and MS4 General Permit. Thus, the 50% total phosphorus reduction criterion remains as an alternative for some sites.  Policy 5.3.2.1 SWQ1 must be revised to align with the updated LMRWMO stormwater quality performance standard for development and redevelopment within 2 years of adoption of the 2023-2032 LMRWMO Plan.</p>	<p>Section 5.1.2.12 WQ12 has been revised to read as follows: To protect water quality and natural resources, Lilydale will manage vegetation, land alteration activities, and stormwater management in accordance with the City of Lilydale ordinances, the MPCA’s NPDES General Permit to Discharge Stormwater from Construction Sites, the MPCA’s Small Municipal Separate Storm Sewer Systems (MS4) General Permit, the Mississippi River Corridor Critical Area (MCCRA) ordinance, and the rules of the Lower Minnesota River Watershed District (LMRWD) and the Lower Mississippi River Watershed Management Organization (LMRWMO). When multiple standards apply to a given project, the most stringent of rules will apply.</p> <p>5.3.2.1 SWQ1 has been revised to read as follows: New development and redevelopment (generally, development) shall incorporate best management practices (BMPs) that result in net reductions in total suspended solids (TSS) and Total Phosphorus (TP) consistent with LMRWMO and LMRWD policies and NPDES permit requirements. Volume reduction practices shall be considered as the preferred water quality treatment practice provided that infiltration can be achieved consistent with the guidance and prohibitions described in the MPCA’s Construction Stormwater General Permit, the MPCA’s MS4 Stormwater General Permit and Minnesota Stormwater Manual.  Minimum water quality treatment volumes are defined for non-linear and linear projects as:  <ul style="list-style-type: none"> <li>• Non-linear projects: 1 inch of runoff from new or redeveloped impervious surface.</li> <li>• Linear projects: 1 inch of runoff from new impervious surface or 0.5 inch of runoff from new and redeveloped impervious surface, whichever is greater. Where the entire treatment volume cannot be treated within the existing right-of-way, a reasonable attempt to treat stormwater must be made consistent with the MS4 permit, as updated.</li> </ul> Where volume reduction practices (i.e. infiltration) are prohibited or cannot be achieved at reasonable cost, alternative water quality treatment methods consistent with the most current version of the MPCA’s Construction Stormwater General Permit, MPCA’s MS4 Stormwater General Permit and Minnesota Stormwater Manual may be utilized. The target reductions of TSS and TP are 80% and 50%, respectively, compared to untreated water quality from the development, nor may the development result in a net increase of TSS and TP loading to downstream water bodies. Explanations must be provided if the development is unable to achieve these targets.</p> <p>5.3.2.2 SWQ2 has been revised to read as follows: Lilydale will require submittal of stormwater management plans (Runoff Control Plans or Runoff Management Plans in terminology used by the LMRWMO and LMRWD, respectively) for land disturbance and development or redevelopment activities exceeding one acre of disturbance (including projects less than one acre that are part of a larger common plan of development totaling one acre or more).  The stormwater management plans must meet the stormwater management design criteria in this SWMP, City of Lilydale ordinances, and either the Lower Mississippi River Watershed Management Organization Watershed Management Plan or the Lower Minnesota River Watershed District Watershed Management Plan (depending on the project location), including stormwater rate control, water quality treatment, and volume retention (if applicable) requirements.</p>
Lower Minnesota River WD	<p>Comments from memo dated 12/15/2022</p> <p><b>Comment 1:</b> Compliance with LMRWD Rule C—Floodplain and Drainage Alteration is captured in the City’s SWMP Section 5.1—Lake and Stream Water Quality, WQ Policy 11. The policy states that the City will manage floodplains in accordance with standards established by the State, Lower Mississippi River Water Management Organization (LMRWMO), and LMRWD. LMRWD standards are more stringent for the 100-year floodplain (also referred to as the flood fringe) than state standards. To comply with LMRWD Rule C, we recommend including a statement in policy 5.1.2.11 specifying that the most stringent of the three floodplain management standards will be used to manage the City’s floodplains.</p>	<p>Section 5.1.2.11 WQ11 has been revised to read as follows: Lilydale will manage the floodplains within the City in accordance with standards established by the State and LMRWMO and LMRWD, whichever is more stringent. This will include regulations related to fill and structures within the floodplain.</p>

Agency	Comment	Response to Comment
	<p><b>Comment 2:</b> The City's updated SWMP generally meets the requirements outlined within the LMRWD rules. If the City wishes to obtain its municipal permit from the LMRWD, we recommend the following:</p> <ul style="list-style-type: none"><li>• LMRWD rule requirements are mentioned several times within the SWMP. Consider adding language clarifying that the City will adhere to the strictest standard or requirement when multiple standards are being examined to determine compliance (e.g., LMRWMO, LMRWD, and MPCA)</li></ul> <p>If the City does not wish to obtain its municipal permit, please supply a letter to the LMRWD stating that the City of Lilydale declines to act as the permitting authority for enforcement of the LMRWD's rules within the City.</p>	<p>Section 5.1.2.12 WQ12 has been revised to read as follows: To protect water quality and natural resources, Lilydale will manage vegetation, land alteration activities, and stormwater management in accordance with the City of Lilydale ordinances, the MPCA's NPDES General Permit to Discharge Stormwater from Construction Sites, the MPCA's Small Municipal Separate Storm Sewer Systems (MS4) General Permit, the Mississippi River Corridor Critical Area (MCCRA) ordinance, and the rules of the Lower Minnesota River Watershed District (LMRWD) and the Lower Mississippi River Watershed Management Organization (LMRWMO). When multiple standards apply to a given project, the most stringent of rules will apply.</p>